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ARENSI-MARLEY (M) SDN BHD

v.

MIDDY INDUSTRIES SDN BHD & ORS

B

HIGH COURT MALAYA, KUALA LUMPUR
HAMID SULTAN ABU BACKER JC
[COMMERCIAL TRIAL NO: D6(IP)-22-647-2002]
31 JULY 2009

C ***COPYRIGHT:*** *Infringement - Application for - Whether there was infringement of copyright in its gutter and packaging design - Whether plaintiff actual copyright owner - Employee of plaintiff authored packaging design - Whether entitled plaintiff to claim copyright - Copyright Act 1987, ss. 26, 37(1) & (5)*

D ***COPYRIGHT:*** *Passing off - Elements - Whether established - Whether defendants were selling imitation product - Whether defendant adduced sufficient evidence to justify defence - Copyright Act 1987, ss. 26, 37(1) & (5)*

E The plaintiff herein claimed they were owners of copyright in a rain gutter system namely F300, which consisted of rain gutters and gutter fittings. The plaintiff contended that (a) the defendants had infringed their copyright by selling the first defendant's gutter known as Middy Rain Gutters which they said was confusingly F similar to their gutter design; (b) the defendants had infringed on the copyright of the plaintiff selling their gutters in similar packaging design known as Middy Packaging; (c) the defendants had committed the tort of passing off by selling the gutters by use of similar design features of the plaintiff. The defendants denied the G allegation and said, *inter alia*, (i) that the plaintiff was not the copyright owner of the gutter or the packaging design; (ii) the design of the gutter was not an appropriate subject matter for a claim in passing off; (iii) the plaintiff had not established by evidence the distinctiveness of its gutter and all other legal H requisites for purposes of passing off; (iv) the plaintiff had not established likelihood or probability of confusion to support its case for passing off and (v) there was no pleaded case against the third defendant.

Held (dismissing plaintiff's claim):

I

(1) No evidence was adduced to establish in law that the plaintiff was the actual copyright owner. The copyright the plaintiff was claiming was in respect of artistic work in relation to a

gutter and not a drawing. There was no evidence to show that he was having copyright in the gutter and his copyright had been lawfully assigned to the relevant parties to allow the plaintiff to claim copyright in law taking into consideration that the plaintiff was not the original copyright owner on the facts of the case. The plaintiff in law could not have been the owner of copyright and had no *locus standi* to sue (s. 37(1) and (5) Copyright Act (CRA 1987). (para 7)

(2) The copyright was never assigned to the plaintiff at any time or at all from the original owner of the copyright. It was never at any point established by the plaintiff to show who was the original owner of the artistic work relating to the gutter and how it was assigned from one person to another according to law. There was no assignment in law exhibited to show that *ad valorem* duty was paid. (para 7)

(3) The fact that an employee of the plaintiff was only instrumental to have authored the packaging design did not entitle the plaintiff to claim copyright without showing actual proof of the full contribution to the packaging design (s. 26 CRA 1987). There was no sufficient objective similarity between the said infringing work and the said copyright work. Though there may be similarities in the idea under the prevailing copyright law, ideas are not protected. (para 7)

(4) The plaintiff had not satisfied all the elements to establish passing off. The plaintiff's gutter and packaging design was not one and the same. The defendants have clearly, unmistakably printed relevant information, to say that the product was the product of the defendant. Further, there was evidence adduced by the plaintiff themselves, one of their customers letter stating that the defendants' gutter did not in actual fact fit into the plaintiff's gutters. This part of the evidence and many other parts of the evidence would show that the plaintiff was not consistent with their claim. (para 7)

(5) The plaintiff's evidence relating to copyright and passing off were tailored to seek a monopoly for the plaintiff's trading activity which the law did not permit. In essence the defendants were not selling imitation product. Their gutters

was registered design, and that design at this stage had been approved by the court of appeal. The defendants had adduced sufficient evidence to justify the defence and the submission of the defendants merit consideration. (para 7)

Case(s) referred to:
Ultra Dimension Sdn Bhd v. American Home Assurance Company; Rewardstreet.Com (Malaysia) Sdn Bhd (Third Party) [2009] 9 CLJ 589 HC ***(refd)***

Legislation referred to:
Copyright Act 1987, ss. 26, 37(1), (5)

For the plaintiff - KY Chew (Brian Low with him); M/s Wong & Partners
For the defendant - Sri Dev Nair (Michelle Loi with him); M/s Sri Dev & Naila

Reported by Suhainah Wahiduddin

JUDGMENT

Hamid Sultan Abu Backer JC:

[1] This is my judgment in respect of the plaintiff's action against the defendants in respect of (a) infringement of copyright in its gutter (b) infringement of copyright in its packaging design (c) passing off in relation to the gutter. The 2nd defendant in this case is not represented by solicitors.

Basic Facts

[2] The plaintiff says they are owners of copyright in a rain gutter system namely F300, which consists of rain gutters and gutter fittings. They complained that the 1st defendant acting under the direction and control of the 2nd and 3rd defendants have infringed their copyright by selling the 1st defendant's gutter known as Middy Rain Gutters which they say is confusingly similar to their gutter design.

[3] In addition the plaintiff says that the defendants have infringed on their packaging design of their gutters sold under the Rainwater system label. They complain that the 1st defendant under the direction and control of the 2nd and 3rd defendants have infringed on the copyright of the plaintiff selling their gutters in similar packaging design known as Middy Packaging.

[4] Thirdly the plaintiff complaint that the defendants had committed the tort of passing off by selling the gutters by use of similar design features of the plaintiff. The defendants deny the allegation and say (a) the plaintiff is not the copyright owner of the gutter; (b) the plaintiff is not the copyright owner of the packaging design; (c) the design of the gutter is not appropriate subject matter for a claim in passing off; (d) the plaintiff has not established by evidence the distinctiveness of its gutter and all other legal requisites for purposes of passing off; (e) the plaintiff has not established likelihood or probability of confusion to support its case for passing off; (f) the defendants did not infringe on the copyright of the plaintiff's gutter, its copyright in the packaging design nor have they passed off the gutter as and for the gutter of the plaintiff; (g) there is no pleaded case against the third defendant.

[5] In addition, the defendants say that the 1st defendant is the registered owner of its rain gutter design 372. In suit No. D1-25-10-2002 the plaintiff attempted to expunge the said design but failed. On appeal to the court of appeal by the plaintiff was not successful. And now the plaintiff is seeking leave from the Federal Court to appeal.

Preliminaries

[6] Three witnesses gave evidence for the plaintiff and five for the defendants. It is clear from the pleadings that the plaintiff is not accusing the 2nd and 3rd defendants for infringement or passing off, and in consequence they cannot claim for damages against the 2nd and 3rd *per se* unless the exception applies. The statutory declaration affirmed by the plaintiff on 30 December 2002 to claim copyright for matters related to the year 1970 or so can only be seen to be self serving and one having no probative value in law on the facts of the case.

In addition the legal burden is on the plaintiff to establish in law that they have copyright in the gutter as will as the packaging design. And the action for passing off may become illusory in the event they cannot establish copyright taking into consideration that the 1st defendant's gutter is a registered design and taking into consideration some of the valid defences raised by the defendants which stand unrebutted.

[7] I have heard the evidence, read the documents, exhibits, submissions etc in detail. The parties have dealt with the issues in detail. It will serve no useful purpose in repeating the evidence or submission in detail when the law is settled. I take the view the plaintiff's claim must be dismissed. My reasons *inter alia* are as follows:

(a) The plaintiff alleges that they are the owners of the copyright in respect of the gutter. However, no evidence was adduced to establish in law that they are the actual copyright owner. In the instant case evidence was given to say that PW2, the director of the plaintiff which was incorporated sometime in 1994 was the original copyright owner as he was the one who first drew the drawing at the age of 16 years old, that too sometime in 1970, a matter difficult to comprehend. In the statutory declaration he says he authored the work while working for Sesuki (M) Sdn Bhd in 1971. But in evidence he says that he drew the drawing on the instruction of his father while he was 16 years old and subsequently he went to Japan and worked for the Japanese company. There is material contradiction in his evidence on an issue of fundamental importance. There are many more contradictions in his evidence and the evidence of other witnesses which I do not wish to elaborate here save to say that the copyright the plaintiff is claiming is in respect of artistic work in relation to a gutter and not a drawing. There was no evidence to show that he was having copyright in the gutter and his copyright has been lawfully assigned to the relevant parties to allow the plaintiff to claim copyright in law taking into consideration that the plaintiff is not the original copy right owner on the facts of the case. In consequence the plaintiff in law could not have been the owner of copyright and the *locus standi* to sue as s. 37(1) and (5) Copyright Act (CRA 1987) read as follows:

Section 37(1)

> Subject to this Act, infringements of copyright shall be actionable at the suit of the owner of the copyright and in any action for such an infringement, all such relief by way of damages, injunction, accounts or otherwise, shall be available to the plaintiff as are available in any corresponding proceedings in respect of infringement of other proprietary rights.

Section 37(5)

> For the purposes of this section, owner of the copyright means the first owner or an assignee, as the case may be, of the relevant part of the copyright.

And it is pertinent to note that CRA 1987 clearly says that no copyright shall subsist otherwise than by virtue of this Act. I have dealt with this area of law in *Ultra Dimension Sdn Bhd v. American Home Assurance Company; Rewardstreet.Com (Malaysia) Sdn Bhd (Third Party)* [2009] 9 CLJ 589 HC. I do not wish to repeat the same.

(b) Further it is crucial to note that the copyright was never assigned to the plaintiff at any time or at all from the original owner of the copyright. In fact it was never at any point established by the plaintiff to show who was the original owner of the artistic work relating to the gutter and how it was assigned from one person to another according to law. In addition I will also say that if there is an assignment it is necessary to pay *ad valorem* stamp duty or such assignment under the stamp Act cannot be the subject matter for the court's perusal. In this case there was no assignment in law exhibited to show that *ad valorem* duty was paid. The documents if any which is referred to as an assignment in my view is self serving document and has no probative value in law.

(c) On the issue of copyright in the packaging design, the plaintiff's witness PW3 said that she authored the packaging design in the course of employment with the plaintiff. And the defendants sold the defendants' gutters packed in the offending design package, authored by the defendants. Prime facie the fact that an employee of the plaintiff was only instrumental to have authored the design does not entitle the plaintiff to claim copyright without showing actual proof of the full contribution to the packaging design (see s. 26 CRA 1987). In addition I will say there is no sufficient objective similarity between the said infringing work and the said copyright work. It is also clear that it is the product of the defendant. Though there may be similarities in the idea under the prevailing copyright law, ideas are not protected.

(d) On the issue of passing off, I take the view that the plaintiff has not satisfied all the elements to establish passing off. It is clear from evidence the plaintiff's gutter and packaging design is not one and the same. The defendants have clearly, unmistakably printed relevant information, to say that the product is the product of the defendant. Further there was evidence adduced by the plaintiff themselves, one of their customers letter stating that the defendants' gutter does not in actual fact fit into the plaintiff's gutters. This part of the evidence and many other parts of the evidence will show that the plaintiff is not consistent with their claim.

(e) In addition, I also take the view the plaintiff's evidence relating to copyright and passing off are tailored to seek a monopoly for the plaintiff's trading activity which the law does not permit. In essence the defendants are not selling imitation product. Their gutters are registered design, and that design at this stage has been approved by the court of appeal.

(f) It is my finding that the defendants had adduced sufficient evidence to justify the defence and the submission of the defendants merit consideration.

[8] For reasons stated above, I dismiss the plaintiff's claim with costs. I also fix costs in the sum of RM50,000 to be paid by the plaintiff to the 1st and 3rd defendants.

I hereby order so.